

U.S.-Korea Free Trade Agreement

Market Access Results

Consumer Goods

Trade and Tariffs

Consumer goods include household appliances, furniture, toys, recreational equipment, precious metals and jewelry, and other miscellaneous household products. The World Trade Organization's Uruguay Round sector agreements on furniture and toys are included within this sector.

Consumer goods accounted for 2.1 percent of average U.S. industrial exports to Korea in 2003-2005, totaling nearly \$512 million. The top U.S. exports in this sector include paintings, golf equipment, and optical devices. Korean tariffs range between zero and 13 percent, with an average of 7 percent.

Korean exports to the United States in this sector averaged \$2.1 billion in 2003-2005, or 5.6 percent of total Korean industrial exports to the United States. Top Korean exports in this sector include microwave ovens, refrigerator-freezers, vacuum cleaners, and washing and drying machines. The United States maintains tariffs between zero and 39.4 percent, with an average of 4.2 percent, on consumer goods.

Tariff Elimination

Industrial tariffs will be phased out according to seven tariff elimination categories: immediate elimination; linear cuts over three, five, or ten years; or nonlinear cuts over ten, twelve, or fifteen years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 5 percent cut in the tariff in years one and two, a 7 percent cut in years three through five, a 10 percent cut in years six and seven, a 12 percent cut in year eight, a 17 percent cut in year nine, and a 20 percent cut in year ten. Tariff elimination under the nonlinear twelve-year staging category will proceed with 25 percent cuts in years nine through twelve. Tariff elimination under the nonlinear fifteen-year staging category will proceed with 20 percent cuts in years eleven through fifteen.

For consumer goods, 73.3 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 23.8 percent of exports will be eliminated over three years, and duties on the remaining 2.9 percent will be eliminated over five years. Tariffs on high-priority U.S. products such as heat pumps, golf equipment, and motorcycles will be eliminated within three years of implementation of the Agreement.

For U.S. imports, 76.3 percent of U.S. imports from Korea will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 1.3 percent of imports will be eliminated over three or five years, and duties on the remaining 22.4 percent of U.S. imports in consumer goods will be eliminated in linear cuts over ten years.

Appliances. Korea will eliminate tariffs on 87.6 percent of U.S. appliance exports immediately upon implementation of the Agreement. Tariffs on the remaining 12.4 percent of exports will be eliminated over three years.

Furniture. Korea will eliminate tariffs on 100 percent of U.S. furniture exports immediately upon implementation of the Agreement.

Recreational Goods. Korea will eliminate tariffs on 51.7 percent of U.S. recreational goods exports immediately upon implementation of the Agreement. Tariffs on the remaining 48.3 percent of exports will be eliminated over three years.

Toys. Korea will eliminate tariffs on 100 percent of U.S. toys exports immediately upon implementation of the Agreement.